

# Inside Report . . . By Rowland Evans and Robert Novak

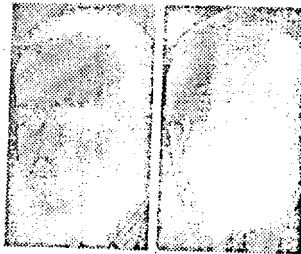
## Machine Tools for Russia? WASH POST 18 Jan 67

A SURPRISINGLY fierce attack on expanded East-West trade by congressional Republican leaders threatens to suffocate a cautious but courageous bipartisan report backing a landmark U.S.-Soviet commercial deal.

That bipartisan effort comes from four members of the House Banking Committee—two Republicans and two Democrats—who recently made an investigating trip behind the Iron Curtain. Their target was the proposed \$50 million U.S. Export-Import Bank loan for machine tools to be used in a giant new auto plant in the Soviet Union.

These four Congressmen unanimously agree on the essential elements of the report now being written that not only does nothing to undermine the machine tool deal but generally supports it. They hoped the report might soften deep-seated congressional resistance to greater East-West trade.

That was before Republican leaders opened their barrage against President Johnson's call for trade with the Communists. The preview came when the indoctrination session for freshman Republican Congressmen at nearby Warrenton, Va., included a polemic against East-West trade. Two Republican leaders,



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Sen. Everett McKinley Dirksen of Illinois and Rep. Melvin Laird of Wisconsin, stepped up their attack over television last weekend with inflexible hardline positions.

More of the same will be contained in the Republican "State of the Union" message Thursday night.

The clearest exposition of the leadership position came in a hardline speech Monday by the articulate Rep. Glen Lipscomb of California, who works in close collaboration with Laird. In generally attacking East-West trade, Lipscomb bludgeoned the proposed machine tools deal as "a dangerously deceptive travesty on the American public."

SO FAR, this has not dissuaded the two independent-minded Republican Congressmen who made the Banking Committee trip—led by Ohio's Rep. Thomas

L. Ashley—Michigan's James Harvey and Kansas' Chester Mize—from joining their Democratic colleagues in the coming report.

But the unrestrained attack of the Republican leaders badly undercuts the hoped-for influence of the bipartisan report. Under conditions prevailing on Capitol Hill today, Congress would undoubtedly vote for a rider blocking the Export-Import loan for the machine tools.

Actually, the machine tools deal is far from the full-scale opening of trade behind the Iron Curtain desired by President Johnson. Many of its supporters, including Harvey and Mize, are in general agreement with Republican leaders that today, when Eastern Europe is aiding Communist aggression in Vietnam is a peculiarly inappropriate moment for dramatic opening of trade channels.

Rather, their support of the deal stems from pragmatic, economic considerations, not from cold war strategy. If the machine tools do not come from the United States, they will come from Western Europe or Japan.

Backing for the deal by the U.S. Chamber of Commerce can be explained partly by the fact that if Americans don't get the Iron Curtain business, their competitors will.

MOREOVER, the Central Intelligence Agency, in a confidential report made available to the House Banking Committee, predicts that the new plant—which will produce an unprecedented 800,000 Fiat autos a year—will have deep reverberations inside the Soviet economy. By eventually spawning highways, gas stations, tires and other auto accessories, it would compete with war production for priority inside the Soviet economy.

Most important, the report will take the position that this first export to Russia of U.S. precision tools cannot help build the Soviet war machine—a finding last fall by both the Joint Chiefs of Staff and the CIA. Contrary to Lipscomb's Monday speech, tools used to build a Fiat cannot be converted

At stake here is a conflict between the adamant opposition to all East-West trade traditionally taken by Republicans and a new, more pragmatic view permitting certain limited business-like deals.

Harvey and Mize have some support for their more flexible position, particularly from newly elected Republicans. Some freshmen House members were outspokenly unhappy about the ultra-hard line at Warrenton. One prestigious newcomer, Sen. Charles H. Percy of Illinois, last week-end publicly called the President courageous for promoting East-West trade.

But in this, as in other matters, they seem to stand little chance of penetrating the granite inflexibility of their Party's leadership.

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